
By: **Delegate Edwards**

Introduced and read first time: February 14, 2003

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Natural Resources - State Boat Act - Exemptions from Excise Tax**

3 FOR the purpose of exempting a person from paying a certain excise tax for a transfer
4 to a business of a certain vessel for certain purposes; exempting a person from
5 paying a certain excise tax on a certain vessel that is purchased in the State,
6 subject to certain use limitations, and the displaying of a certain sticker; and
7 generally relating to exemptions from vessel excise taxes.

8 BY repealing and reenacting, without amendments,
9 Article - Natural Resources
10 Section 8-716(c)
11 Annotated Code of Maryland
12 (2000 Replacement Volume and 2002 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article - Natural Resources
15 Section 8-716(e)
16 Annotated Code of Maryland
17 (2000 Replacement Volume and 2002 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article - Natural Resources**

21 8-716.

22 (c) (1) Except as provided in § 8-715(d) of this subtitle and in subsections (e)
23 and (f) of this section, and in addition to the fees prescribed in subsection (b) of this
24 section, an excise tax is levied at the rate of 5% of the fair market value of the vessel
25 on:

26 (i) The issuance of every original certificate of title required for a
27 vessel under this subtitle;

1 (ii) The issuance of every subsequent certificate of title for the sale,
2 resale, or transfer of the vessel;

3 (iii) The sale within the State of every other vessel; and

4 (iv) The possession within the State of a vessel purchased outside
5 the State to be used principally in the State.

6 (2) Notwithstanding the provisions of this subsection, no tax is paid on
7 issuance of any certificate of title if the owner of the vessel for which a certificate of
8 title is sought was the owner of the vessel prior to June 1, 1965, or paid Maryland
9 sales and use tax on the vessel as required by law at the time of acquisition. The
10 Department may require the applicant for titling to submit satisfactory proof that the
11 applicant owned the vessel prior to June 1, 1965.

12 (e) A person is not required to pay the tax provided for in subsection (c) of this
13 section resulting from:

14 (1) A transfer between members of the immediate family as determined
15 by Department regulations;

16 (2) A transfer to a [licensed dealer] BUSINESS of a vessel for CHARTER,
17 resale, RENTAL, OR LEASE purposes;

18 (3) The holding of a vessel that is titled or numbered in another state or
19 is federally documented, provided:

20 (i) The vessel is held for resale or listed for resale by a licensed
21 dealer; and

22 (ii) The vessel owner signs an affidavit that there will be no use of
23 the vessel on the waters of the State other than for a sea trial;

24 (4) Purchase of a vessel by the State or any political subdivision;

25 (5) Purchase of a vessel by an eleemosynary organization which the
26 Secretary has approved;

27 (6) The purchase within the State of a vessel if the owner paid or
28 incurred a liability for the Maryland sales and use tax on the vessel prior to July 1,
29 1986;

30 (7) The possession within the State of a vessel which was purchased
31 outside the State if the owner paid or incurred a liability for the Maryland use tax on
32 the vessel prior to July 1, 1986;

33 (8) The possession of a vessel that was purchased or acquired prior to
34 coming into the State by a nonresident of the State and is not used principally on the
35 waters of the State and if the issuance of a title is not sought, except that:

1 (i) A vessel is not deemed used on the waters of the State if the
2 vessel is used for 90 days or less of a calendar year; and

3 (ii) If a vessel is used for more days than 90 days in a calendar year,
4 the period of 90 days shall be counted in the determination of principal use under this
5 subtitle;

6 (9) THE PURCHASE OF A VESSEL FROM A LICENSED DEALER WITHIN
7 THE STATE BY A NONRESIDENT OF THE STATE, IF:

8 (I) THE VESSEL WILL BE USED ON WATERS OF THE STATE FOR 90
9 DAYS OR LESS OF A CALENDAR YEAR; AND

10 (II) THE VESSEL DISPLAYS, ON OR ABOUT THE FORWARD HALF OF
11 THE VESSEL, A STICKER, DEVELOPED BY THE DEPARTMENT AND PROVIDED TO
12 DEALERS, THAT INCLUDES:

13 1. A SPACE, TO BE FILLED IN BY THE DEALER, FOR THE DATE
14 THAT THE VESSEL WAS DELIVERED TO THE PURCHASER; AND

15 2. A STATEMENT THAT THE VESSEL MAY ONLY BE USED ON
16 WATERS OF THE STATE FOR 90 DAYS OR LESS OF A CALENDAR YEAR FROM THE TIME
17 OF DELIVERY;

18 [(9)] (10) The possession within the State of a vessel if the current owner,
19 before July 1, 1986:

20 (i) 1. Was licensed by the Department to catch, for commercial
21 purposes, finfish, eels, crabs, conch, terrapin, soft-shell clams, hard-shell clams,
22 oysters, or any other fish; and

23 2. Used the vessel for any of the commercial fishing purposes
24 described in item 1 of this item; or

25 (ii) 1. Was licensed as a commercial fishing guide under the
26 provisions of § 4-210 of this article; and

27 2. Used the vessel as a charter boat with a license as
28 provided in § 4-745(d)(2) of this article; or

29 [(10)] (11) The possession within the State of a vessel that:

30 (i) Is owned by a nonprofit organization that:

31 1. Is qualified as tax exempt under § 501(c)(4) of the Internal
32 Revenue Code; and

33 2. Is engaged in providing a program to render its best
34 efforts to contain, clean up, and otherwise mitigate spills of oil or other substances
35 occurring in United States coastal and tidal waters; and

1 (ii) Is used for the purposes of the organization.

2 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
3 October 1, 2003.